

Analysis of the Behavior of Street Vendors and MSME Entrepreneurs in Wangandowo Village in the view of Islamic Business Ethics

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ABSTRAK: Penelitian ini bertujuan untuk menganalisis perilaku pedagang kaki lima dan pengusaha UMKM (Usaha Mikro, Kecil, dan Menengah) di Desa Wangandowo dalam konteks setika bisnis Islam. Etika bisnis Islam menekankan pada prinsip-prinsip seperti kejujuran, keadilan, tanggungjawab, serta kepatuhan terhadap hukum Syariah dalam aktivitas ekonomi. Penelitian ini menggunakan pendekatan deskriptif kualitatif, dengan metode wawancara mendalam dan observasi partisipatif untuk mengeksplorasi praktik bisnis dan nilai-nilai yang dipegang oleh para pedagang kaki lima dan pengusaha UMKM setempat. Hasil penelitian menunjukkan bahwa sebagian besar pelaku usaha di Desa Wangandowo sudah menerapkan prinsip dasar etika, seperti kejujuran dalam bertransaksi dan menghindari riba. Namun, masih terdapat beberapa tantangan dalam penerapan etika bisnis Islam secara penuh, seperti kurangnya pemahaman mengenai konsep transaksi dalam perdagangan yang adil dan ketidak mampuan untuk sepenuhnya menghindari praktik yang dianggap tidak sesuai dengan hukum Syariah. Penelitian ini menyimpulkan bahwa meskipun ada upaya untuk menerapkan etika bisnis Islam, namun tetap diperlukan edukasi lebih lanjut dan dukungan regulasi agar para pelaku usaha dapat berbisnis sesuai dengan prinsip syariah secara konsisten dan berkelanjutan.

Kata Kunci: Etika Bisnis Islam, PKL, UMKM, Desa Wangandowo, Kejujuran, Keadilan, Kepatuhan Syariah

ABSTRACT : This study aims to analyze the behavior of street vendors and MSME (Micro, Small and Medium Enterprises) entrepreneurs in Wangandowo Village in the context of Islamic business ethics. Islamic business ethics emphasizes principles such as honesty, fairness, responsibility, as well as compliance with Sharia law in economic activities. This research used a descriptive qualitative approach, using in-depth interviews and participatory observation to explore the business practices and values held by local street vendors and MSME entrepreneurs. The results showed that most business actors in Wangandowo Village have applied basic ethical principles, such as honesty in transactions and avoiding usury. However, there are still some challenges in the full implementation of Islamic business ethics, such as a lack of understanding of the concept of fair trade transactions and the inability to completely avoid practices that are considered incompatible with Sharia law. This study concludes that despite efforts to implement Islamic business ethics, further education and regulatory support are still needed so that business actors can do business in accordance with sharia principles consistently and sustainably.

Keywords: Islamic Business Ethics, Street Vendors, MSMEs, Wangandowo Village, Honesty, Fairness, Sharia Compliance

1. INTRODUCTION

In an increasingly complex era of economic globalization, business agreements are crucial instruments in regulating relationships and transactions between business actors. For Muslims, carrying out business activities is not only about seeking profit, but must also be in line with sharia principles derived from the Al-Quran and Hadith. Islamic business ethics in business agreements are present as guidelines that ensure that every transaction and agreement is not only legally valid, but also meets high moral and spiritual standards (Rafiqi, 2016).

The majority of Indonesia's economic growth is supported by MSMEs. Because the acquisition of state revenue from the APBN is as much as 62% and from the average annual

GDP value of almost 11 thousand trillion. The process of growth of MSMEs in the country of Indonesia, before reaching a fairly rapid development, the availability of production and selling places for them was very difficult in marketing goods. Almost on average, MSMEs in Indonesia itself have more of a supporting role and balanced work feasibility because they carry out buying and selling activities almost on average by themselves without the assistance of employees in carrying out work. For MSMEs, their own work, namely in selling and calculating the total price of products sold by MSMEs, they have memorized all types of forms of goods sold without the need for difficulty in reading and seeing prices for the types of goods being sold (Margaretha & Rohman, 2024).

One of the issues closely related to human life as an individual and social being is ethics. In its development, ethics has an impact on human life, including in determining the right behavior, decisions, or steps in living life. Ethics or morals are very important in human life because one of the objectives of the Prophet Muhammad SAW is to teach people how to live their lives (Annisa, 2024).

Traders must understand the good trading ethics taught by Islam, and adhere to the principle of honesty so that every business gets maximum results and is halal. A Muslim should sell with pleasure, joy, sincerity, and make a good impression on the buyer. They should also buy goods in the same way, avoid upsetting the seller and try to make the transaction go well, consensually, and not be tense with them (Widiasari, Susi, 2020).

The buyers definitely want to get satisfaction when making transactions, especially with street vendors. Transactions should be done honestly and avoid fraud and cheating. When traders say that the goods they sell are of high quality, they remain honest without mixing them with low-quality goods and ingredients that can harm buyers physically and mentally (Umuri et al., 2020).

Wangandowo Village is close to the campus of UIN K.H. Abdurrahman Wahid Pekalongan. Surely many entrepreneurs and traders have sprung up, compared to before the existence of UIN in Rowolaku village where traders in the two villages are still few. The competition among traders has led some traders to make various innovations and creativity so that their merchandise sells well.

It is necessary to know whether these traders apply the principles of Islamic Business Ethics. Of course, many of them have not or do not even know what Islamic Business Ethics is, even though they are Muslims. Judging from the existing human resources, the majority of traders do not come from a background of huts or religious schools. Do these traders know the ethics of doing business and trading that are in line with and in accordance with Islamic law? How does the business behavior of street vendors and MSMEs in the village compare with the principles of Islamic business ethics?

2. METHOD

This research uses descriptive qualitative research methods, descriptive qualitative research aims to describe in detail and in depth the phenomena or situations that occur in the real world. The main objective is to understand the meaning, views, or perceptions of research subjects towards a particular event, concept, or phenomenon. In this study, researchers emphasized in-depth understanding rather than testing the relationship between variables (Hamali, 2023).

Qualitative Data Collection includes in-depth interviews, participant observation, field notes, and document analysis, which includes words, actions, and social context to understand phenomena. Subjective Analysis is conducted subjectively and reflectively, with an interpretive approach that considers cultural, historical, and social contexts (Adlini et al., 2022). The following are some of the methods that can be applied in this research:

2.1 RESEARCH APPROACH

The most appropriate approach for this research is qualitative with a descriptive-analytical approach. This is because this research focuses on an in-depth understanding of the behavior of street vendors and MSMEs and how their behavior complies with the principles of Islamic business ethics (Creswell, 2018).

2.2 DATA COLLECTION TECHNIQUE

Some suitable data collection techniques for this study are:

1) In-depth Interviews

In-depth interviews were conducted with street vendors and MSME entrepreneurs in Wangandowo Village to understand their motivations, views and actions in their daily business, particularly in relation to Islamic business ethics. This technique is important to explore how Islamic values are applied in their business activities. Questions asked may include: - How do they understand Islamic business ethics? - How do they implement values such as honesty, fairness and social responsibility in business? - What is their perception of halal and haram profits?

2) Participatory Observation

Researchers can engage directly with the daily activities of street seller and MSME entrepreneurs to observe their behavior. This observation method is important to see the real practices they do, such as how they transact, communicate with customers, and run business operations. This observation allows the researcher to compare between the theory of Islamic business ethics and the practice in the field.

3) Documentation

Researchers can collect documents such as transaction records, brochures, or promotional materials from MSME traders and entrepreneurs. This can provide additional insights into how they market their products and build relationships with customers. This documentation can also be seen from the aspect of honesty and transparency, which is an important part of Islamic business ethics (Nasution, 2023).

2.3 DATA ANALYSIS TECHNIQUES

Once the data has been collected, the following are appropriate techniques for analyzing the data:

a. Thematic Analysis

This technique is used to identify patterns or themes from the data obtained, such as interviews and observations. In the context of Islamic business ethics, themes that can be identified include values such as honesty, fairness, social responsibility, and adherence to halal-haram principles. Thematic analysis will help map out how the business behavior of traders and MSME entrepreneurs in Wangandowo Village conforms to or contradicts these values.

b. Data Triangulation

Triangulation is done to increase the validity of the research by using various data sources (interviews, observations, and documentation) to ensure consistency of findings. This triangulation is important to confirm whether the data obtained from interviews is consistent with the observed behavior and documents obtained.

c. Content Analysis

Content analysis was conducted to evaluate the interviews and documents that had been collected. The aim is to see if there are elements of Islamic business ethics, such

as honesty in advertising, transparency in financial statements, as well as unfairness in business practices. This technique can be used to code the data and assess how often these values appear in their business practices(Nasution, 2023).

2.4 CRITERIA FOR DATA VALIDITY

To ensure that the research results are valid and reliable, researchers can use several techniques such as:

- Credibility: Using triangulation and member-checking (ensuring respondents agree with the researcher's interpretation of the interview results).
- Transferability: Providing rich contextual descriptions so that the results can be applied to other similar contexts.
- Dependability: Involves an audit trail, which is a systematic record of the entire research process to ensure reliable results.
- Confirmability: Maintaining researcher objectivity by noting biases and conducting peer debriefing to ensure independent data analysis(Hadi, 2016).

3. RESULT AND DISCUSSION

3.1 Islamic Business Ethics

The Qur'an and Hadith are the foundations of Islamic Business Ethics. The Qur'an and Hadith provide comprehensive guidelines on trade, emphasizing the importance of honesty, fairness and integrity in business activities. There are many rules and instructions on how to trade according to the correct Shariah and in accordance with ethics. One of the most famous Qur'anic verses is Surah Al-Baqarah verse 275 which means "Allah has justified buying and selling and forbidden usury." The verse emphasizes the notion that buying and selling that is halal and in accordance with Islamic ethics is allowed, while usury is a harmful practice that is strictly prohibited by Islam. This principle emphasizes the importance of maintaining integrity in business transactions and avoiding financial exploitation(Shepia,Zaenal Abidin, 2024).

The concept of Halal and Haram is the main pillar in Islamic business ethics. Understanding and applying the concept of halal and haram in business or trade is the key to realizing a business that is moral, fair, sustainable and has a positive impact on society and the environment(Rafiqi, 2016).

3.2 The Principles of Islamic Business Ethics

Syed Nawab Haidar Naqvi put forward four ethical principles in Islam, which of course these four principles become the foundation of a Muslim in carrying out his activities, especially activities in business. The four principles are: tawhid (unity), equilibrium, free will, balance (responsibility)..

1) Tawhid (unity)

An all-exclusive concept, the concept of tawhid is the vertical dimension of Islam, namely the relationship between man and God. Both the political, economic, social and religious aspects of human life become a homogeneous whole that is consistent from the inside and outside, as well as integrated with the wider world. Based on this principle, Muslim entrepreneurs in carrying out their activities and business entities will not do at least three things.⁵⁹ First, discrimination between workers, sellers, buyers of business partners on the basis of race, skin color, gender or religious considerations.⁶⁰ Second, being forced or coerced into mal-business practices because it is Allah who should be feared and loved. Therefore, this attitude will be reflected in all attitudes of life in its various dimensions. Third, hoarding wealth or ser akah because the essence of wealth is a mandate from Allah.

2) Equilibrium

At the absolute level, equilibrium is God's highest attribute. Next, at the relative level, the nature of equilibrium must also characterize all of His creations, which must reflect His attributes. The principle of equilibrium will nurture the universe in harmonious living and produce a good social order. Equilibrium must also manifest in our individual lives. Within us, we must also be contained and gathered together in a constant balance in order to produce just human beings (Ras et al., 2022).

3) Free will

In the Islamic view, humans are creatures with free will, although only God is absolutely free. A Muslim who believes in the will of God honors all the promises he makes. He is a collective part of society and recognizes that God encompasses both individual and social life.

4) Responsibility

Freedom must be balanced with accountability if the conditions of natural equilibrium are to be met, man, having made his choice between good and evil, must live with its logical consequences: "Each one is responsible for what he has done." Once God has shown the way, the responsibility for deviation lies entirely with man and he bears the consequences of his disobedience. In Islam individual freedom must be seen in the perspective of social freedom. Therefore, there can be no contradiction in the Islamic perspective between individual freedom and human responsibility and freedom. (Nurmadiansyah, 2017).

3.3 Street Vendors and MSMEs in Wangandowo Village

Wangandowo village is located near the campus of UIN K.H. Abdurrahman Wahid Pekalongan. Although Wangandowo village is located in Bojong sub-district, the distance between Wangandowo village and UIN K.H. Abdurrahman Wahid Pekalongan campus is still very close.

Wangandowo village used to be a notoriously quiet village, due to the lack of street lights and the lack of influential activity centers in the village. In addition, the economic conditions in the village 7 years ago were still fairly ordinary and many of them had to work in Jakarta to improve their fate.

Wangandowo Village has become more advanced, with many entrepreneurs and traders starting to appear around the UIN Gusdur Pekalongan campus. In Wangandowo Village itself, according to data from the local village government, as many as 90 people work as traders, this profession is the third largest profession in the village out of a total village population of 3641 people (sidesa.jatengprov.go.id). Some of them are food traders such as chicken noodle meatballs and food stalls. From morning until night, traders take turns selling along the road, both on the highway and on the village road. From itinerant chicken porridge vendors to food stalls and fast food entrepreneurs.

In the interviews we conducted with street vendors in Wangandowo village, namely chicken porridge traders in the morning, chicken soup traders, uduk rice traders, yellow rice traders, market snack traders, food stall traders as many as 3 places along the Wangandowo road. It was found that some traders who wanted to open a business around Wangandowo village some of them did not apply aspects of cleanliness, more concerned with local customers than migrants.

The results show that the business behavior of street vendors and MSME entrepreneurs in Wangandowo Village reflects various aspects of Islamic business ethics, although in practice there are differences in the application of these principles. Some traders and entrepreneurs tend to focus more on economic benefits than aspects of doing business. In the reality, there are still many ethical violations, perhaps due to the decline in one's faith, lack of control from society, or lack of knowledge (Maro'ah, 2019).

There are findings that some street vendors and MSME entrepreneurs sometimes engage in practices that are not in line with Islamic principles of honesty and fairness. These include dishonesty in weighing or counting goods, a lack of transparency in transactions, as well as the application of prices that do not match the quality of the product.

In Islamic business ethics, honesty and fairness are key pillars. Behaviors such as dishonesty or manipulation in transactions are not only legally prohibited, but are also seen as undermining the integrity of the business as a whole (Margaretha & Rohman, 2024).

The research also revealed that many street vendors and MSME entrepreneurs exhibit positive social behavior, such as helping the surrounding community by making donations or zakat, which is an integral part of Islamic business ethics.

Social activities within Islamic business ethics such as sharing wealth through zakat infaq are considered an important part of entrepreneurs' social responsibility. It helps create economic balance and encourages wealth distribution in society. Some business owners in Wangandowo Village actively fulfill this obligation. (Nurmadiansyah, 2017).

Despite the efforts of most business actors to implement sharia values, the results show that not all traders and entrepreneurs have an adequate understanding of the principles of Islamic business ethics. Some business owners lack understanding of concepts such as the prohibition of *riba* (interest), *gharar* (uncertainty) and *maysir* (speculation) in transactions.

Islam requires every business actor to be fair in every aspect of business, including in determining prices and in relationships with customers and suppliers. However, the results indicate that the application of this principle of fairness is still less than optimal. Some MSME entrepreneurs apply prices that are not proportional to the quality of the goods, which indicates injustice in the transaction (Syafiq, 2019).

In Wangandowo Village, competition between street vendors and MSMEs is quite intense, but research shows that most business actors maintain ethical competition. They tend to avoid unhealthy competition, such as deliberately dropping prices to get rid of competitors or spreading false information about competitors' products.

3.4 The role of street vendors and MSMEs

Street vendors and micro, small and medium enterprises (MSMEs) play a significant role in supporting the economy, especially in developing countries like Indonesia. Although they often operate in the informal sector, their contribution to employment, local economic development, and fulfillment of community needs is significant. The following is an in-depth discussion on the role of street vendors and MSMEs as well as some supporting references.

3.4.1 Source of Employment

Street vendors and MSMEs play a significant role in providing employment, especially among the lower middle class. According to data from the International Finance Corporation (IFC), MSMEs account for about 70-95% of employment in most countries, helping to reduce unemployment rates and socioeconomic stress. This reduces the pressure on the government to create more complex formal jobs. Street vendors are generally individuals or small groups who either do not have access to formal employment or choose to trade because of the flexibility it offers. They create employment opportunities for themselves and sometimes also for other informal workers. In the MSME sector, more structured enterprises such as grocery stores, artisans, and other household businesses also provide stable employment for many people. Many thriving MSMEs even create jobs for surrounding local communities.

3.4.2 Support Local and National Economy

The role of MSMEs and street vendors is not only significant at the local level but also nationally. They support regional economies through faster money turnover in the communities and regions where they operate. The products produced by MSMEs, ranging from food products to handicrafts, are often the result of local resources. MSMEs create a multiplier effect that results in increased purchasing power. With the presence of MSMEs, the income of the surrounding community increases, which in turn increases domestic consumption and strengthens the local economy. Although not as structured as MSMEs, street vendors play an important role in stimulating the urban economy, particularly in the

informal sector. They provide products and services at more affordable prices, making them accessible to the wider community (Vinatra et al., 2023).

3.4.3 Fulfillment of Basic Community Needs

Street vendors and MSMEs play an important role in meeting people's daily needs. Street vendors often provide basic goods such as food and beverages at affordable prices, which not only benefits consumers but also supports the informal economy.

Street Vendors (PKL) sell basic necessity products such as ready-to-eat food, clothing, and daily supplies at lower prices than large stores. They provide goods that are easily accessible to urban and rural communities. Meanwhile, MSMEs often focus on the production of goods such as handicrafts, processed foods, and other products that characterize a region. As such, they not only cater to the needs of local consumers but also encourage local innovation and creativity.

3.4.4 Encouraging Innovation And Entrepreneurship

MSMEs are often the cradle of innovation. Many micro and small entrepreneurs develop unique and innovative products, ranging from food to simple technologies. The MSME environment allows businesses to try out different ideas without great risk, which in the long run can contribute to economic diversification. Through small businesses, individuals can develop creative and innovative products that often characterize a particular region or culture. MSMEs also play a role in absorbing new technologies and adapting them to the local context. Street vendors, while more focused on providing simple goods, can also drive innovation in the way they sell goods or services, for example by utilizing technology such as digital payments.

3.4.5 Reduce Poverty and Social Inequality

By providing greater economic access to the underprivileged, street vendors and MSMEs help reduce social inequality. They provide opportunities for people who may not have large capital to start big businesses, thereby helping to improve people's lives. In this case, street vendors directly help reduce unemployment and encourage people to be economically independent. Meanwhile, MSMEs are often a bridge for low-income people to participate in more formal economic activities. They also contribute to income redistribution through job creation and improved welfare of the local community (Sirait, Evi, Bagus Hari Sugiharto, Jenal Abidin, Nely Salu Padang, 2024).

4. CONCLUSION

This research can be concluded that street vendors and MSME entrepreneurs in Wangandowo Village generally try to run their businesses in accordance with Islamic business ethics that emphasize honesty, fairness, and responsibility. Many business owners show commitment to ethical practices, such as conducting fair transactions and avoiding activities prohibited by Islamic law, such as usury. However, despite awareness of the importance of Islamic business ethics, there is still a lack of consistent application. Some businesses do not fully understand the concept of fair and halal transactions, and face challenges in maintaining transparency and fairness in their economic activities. Factors such as limited knowledge, lack of access to educational resources on Islamic business, and the influence of conventional business practices are obstacles that need to be overcome. This study shows that the business behavior of street vendors and MSME entrepreneurs in Wangandowo Village in practice there are differences in the application of these principles. Some traders and entrepreneurs tend to focus more on economic benefits than aspects of doing business. However, the study also revealed that many street vendors and MSME entrepreneurs show positive social behavior, such as helping the surrounding community by giving donations or zakat, which is an integral part of Islamic business ethics.

From the results of this study, it can be concluded that not all traders and entrepreneurs have an adequate understanding of the principles of Islamic business

ethics. Some business people lack understanding of concepts such as the prohibition of riba (interest), gharar (uncertainty), and maysir (speculation) in transactions. Hence the need for further education and guidance for businesses, as well as regulatory support from local authorities to ensure consistent application of Islamic business ethics. With the right support and education, street vendors and MSME entrepreneurs in Wangandowo Village can strengthen their ethical practices, thus leading to sustainable business growth that is aligned with Sharia principles.

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